GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:553
ANSWERED ON:24.11.2006
BANKING REFORMS
Adhalrao Patil Shri Shivaji

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government has any proposal for reforms in pension, insurance and banking sectors as reported in the Times of India dated the October 7, 2006 ;

(b) If so, the details thereof ;

(c) Whether the Government has prepared any plan in this regard ; and

(d) If so, the details thereof and the steps being taken to implement it ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. K. BANSAL)

(a) to (d): As part of a comprehensive pension reforms effort, a new restructured defined contribution pension system for new entrants to Central Government service, except to the Armed Forces, in the first stage, replacing the existing system of defined benefit pension, was notified on 22nd December, 2003. The new system was implemented with effect from 1st January 2004.

Various reform measures have been introduced since 1991 in the banking sector in a gradual manner, which have had a major impact on the overall efficiency and stability of the banking system in India. The present capital adequacy of Indian banks is comparable to those at international level. There has been a marked improvement in the asset quality and profitability of banks. Banking sector reforms have also emphasized the need to renew manpower resources and rationalize requirements so as to reduce operating costs and improve profitability. As regards the insurance sector, a proposal for legislative amendments is being finalized.